Responsible Investment Policy

January 2026

This Responsible Investment Policy details the approach that Lincolnshire Pension Fund (LPF) will follow in fulfilling its commitment to Responsible Investment (RI) and stewardship responsibilities.

1. Introduction

The primary objective of LPF is to pay pensions to scheme members as and when they fall due, whilst keeping contributions from employers and scheme members affordable and stable over the long term. This is achieved by producing superior financial returns whilst not undertaking undue levels of risk and protecting returns over the long term. LPF takes a long-term approach to investing and believes that businesses that are governed well, have a diverse board, and are run in a sustainable way are more resilient, able to survive shocks and have the potential to provide better financial returns for investors. Diversity of thought and experience on boards is significant for good governance, reduces the risk of 'group thinking', leading to better decision making.

Environmental, social and governance (ESG) issues can have a material impact on the value of financial assets and on the long-term performance of investments, therefore they need to be considered across all asset classes to better manage risk and generate sustainable, long-term returns. Well-managed companies with strong governance are more likely to be successful long-term investments. LPF endeavours to be an active owner and steward of its investments however they are managed. The commitment to responsible investment is demonstrated through achieving signatory status of the Financial Reporting Council UK Stewardship Code.

2. What is responsible investment?

Responsible investment (RI) is the practice of incorporating ESG issues into the investment decision making process, to better manage risk and generate sustainable, long-term returns. Financial and ESG analysis together identify broader risks leading to better informed investment decisions and can improve performance as well as risk-adjusted returns.

Investment stewardship includes active ownership, using voting rights, engaging with investee companies, influencing regulators and policy makers, and collaborating with other investors to improve long-term performance. LPF believes that our responsible investment approach and associated activities help identify and manage non-financial risks and so should add value to our investment portfolio over the long-term.

3. Governance and Implementation

The Pensions Committee believe sustainable investing could be advantageous to a long-term investor like the Fund, but this is strictly limited to where it provides financial benefits to the Fund, whether through improved returns or reduced risk.

The LPF Responsible Investment Policy is aligned to the Border to Coast policy, which is created after collaboration and engagement between the Partner Funds (the Border to Coast policy can be found on their website at www.bordertocoast.org.uk).

Implementation and day-to-day oversight of the policy is by the Head of Lincolnshire Pension Fund. The policy is monitored with regular reports to the Pensions Committee. It is reviewed and updated at least every three years or whenever revisions are proposed, considering evolving best practice.

4. Skills and competency

LPF, where needed, takes proper advice to formulate and develop policy. The Pensions Committee and officers maintain appropriate skills in RI and stewardship through continuing professional development. Where necessary, expert advice is taken from suitable RI specialists to fulfil these responsibilities.

5. Integrating RI into investment decisions

LPF expects investment managers, including Border to Coast, to consider material ESG factors when analysing potential investments. ESG factors tend to be longer term in nature and can create both risks and opportunities. The factors considered are those which can cause financial and reputational risk, ultimately resulting in a reduction in shareholder value. External managers are required to report on how ESG issues are considered and monitored within their mandates.

Issues that should be considered include, but are not limited to:

Environmental	**Social**
• Climate change • Resource and energy management • Water stress • Single use plastics • Biodiversity	• Human rights • Child labour • Supply chain • Human capital • Employment standards • Pay conditions (e.g. the living wage in the UK) • Just transition

Governance	**Other**
• Board independence • Diversity of thought • Executive pay • Tax transparency • Auditor rotation • Succession planning • Shareholder rights	• Business strategy • Risk management • Cyber security • Data privacy • Bribery and corruption • Political lobbying

Detail on considerations we expect our investment managers and Border to Coast to have in their voting approach are included in the Corporate Governance and Voting Guidelines.

5.1 Human Rights

When considering human rights issues, companies should abide by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises. Companies should have processes in place to both identify and manage human rights risks across their business and supply chain. LPF expects our investment managers to engage with companies on human rights, including, modern slavery, labour practices and human rights due diligence where companies operate in high-risk areas. LPF expects investment managers to incorporate these considerations into how they vote at company meetings.

5.2 Nature

Nature and biodiversity loss is increasingly seen as posing a risk to financial markets. Over half of global GDP is dependent on nature-based services[1], and looking ten years out, six of the top ten global risks identified by the World Economic Forum are climate and environmental related. LPF expects our investment managers to address nature risks through engagement on issues such as deforestation, resource management, and climate change. LPF expects investment managers to integrate nature related risks into voting decisions, using benchmarks to identify priority companies, assess their governance, strategy and measures to address nature related risks, and vote accordingly where risks are poorly managed.

5.3 Climate Change

The world is warming, the climate is changing, and the scientific consensus is that this is caused by human activity, primarily the emissions of carbon dioxide (CO_2) from burning fossil fuels. LPF supports this scientific consensus; recognising that the investments we make, in every asset class, will both impact climate change and be impacted by climate change. LPF considers and expects our investment managers to consider how climate change, the shifting regulatory environment and potential macroeconomic impact will affect its investments.

Climate change is a systemic risk with potential financial impacts associated with the transition to a low-carbon economy and physical impacts that may manifest under different climate scenarios. Transition will affect some sectors more than others, notably energy, utilities and sectors highly reliant on energy. However, within sectors there are likely to be winners and losers which is why divesting from and excluding entire sectors may not be appropriate. LPF expects our investment managers, including Border to Coast, to consider the impact of climate change in detail.

In addition, the transition to a low-carbon economy will undoubtedly affect the various stakeholders of the companies taking part in the energy transition. These stakeholders include the workforce, consumers, supply chains and the communities in which the companies' facilities are located. A just transition involves minimising and managing social risks, seeking to maximise social opportunities, and a focus on the place based economic impacts of the transition to net zero. LPF expects our investment managers, in assessing investments to challenge companies to consider this social dimension in decarbonisation strategies and in their engage with companies.

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[1] World Economic Forum

5.4 Asset Class Considerations

The specific aspects and form of ESG integration and stewardship varies across asset classes, however, the overarching principles outlined in this policy are applied to all assets. LFP expects our investment managers to implement RI, ESG and stewardship considerations into their processes in the most appropriate way for the asset class. Border to Coast have a range of different processes and approaches for the assets they manage on behalf of LPF.

6. Stewardship

As a share owner, LPF has a responsibility for effective stewardship of the companies it invests in, albeit indirectly through mandates with investment managers, including Border to Coast. LPF requires its managers to practice active ownership through voting, where possible, monitoring companies, engagement and litigation, where appropriate. As a responsible shareholder, LPF is committed to being a signatory to the UK Stewardship Code. All external investment managers, including Border to Coast, are expected to be signatories or comply with international standards applicable to their geographical location. LPF expects its investment managers to evidence their active stewardship regardless of the asset class they manage and report their activity on a regular basis.

6.1 Voting

Voting rights are an asset and LPF will ensure its rights are exercised carefully to promote and support good corporate governance principles. All external investment managers are required to aim to vote in every market in which they invest, where it is practicable. A copy of our Corporate Governance and Voting Policy can be found on our website. LPF requires Border to Coast to vote in line with the collaborative voting policy developed with the other partner funds, this can be viewed on the Border to Coast website.

6.2 Engagement

LPF define company engagement as actively using our influence for business change or better disclosure. LPF's approach to this activity is largely through the use of external professionals, including, Local Authority Pension Fund Forum (LAPFF), Border to Coast, Robeco (who are appointed by Border to Coast to provide voting and engagement services), and other external managers including Morgan Stanley who manage the Fund's private market portfolio. LPF believes that the use of external experts in this field provides the best use of resources. Working with others enables LPF to have a greater impact when approaching the market than it would have alone.

Meeting and engaging with companies is an integral part of the investment process. As part of our stewardship duties, we require our investment managers to regularly monitor investee companies and take appropriate action if investment returns are at risk, which would include directly engaging with companies. Investment managers are required to report such engagement to LPF on a regular basis.

Border to Coast, as LPF's main investment manager, has a number of engagement themes that form part of their RI Policy that is approved by the LPF Pensions Committee, and is available on their website (www.bordertocoast.org.uk).

6.3 Escalation

LPF believes that engagement and constructive dialogue with companies is more effective than excluding companies. However, if engagement does not lead to the desired result, escalation may be necessary, including holding the board of directors and individual directors to account, this is believed to be the most effective consequence of an inadequate response.

LPF expects its appointed investment managers to monitor engagement activities and where progress is not made within a reasonable timeframe, then to escalate the process. A lack of responsiveness to engagement by a company can result in: conducting collaborative engagement with other institutional shareholders; writing to the chair of the board or director with oversight responsibility for the issue under engagement; registering concern by voting on related agenda items at shareholder meetings; registering concern by voting against the re-election of the chair of the board, or the chair or members of the committee with the closest oversight responsibilities; attending a shareholder meeting in person; making public statements; publicly pre-declaring our voting intentions ahead of AGMs or filing/co-filing shareholder resolutions.

Where the investment case has been fundamentally weakened, LPF expects its appointed investment managers to consider reducing it holding or exiting the position.

LPF expects our investment managers to escalate engagement on a sector basis, particularly where systemic and portfolio risks are concentrated, and the sector has been subject to significant collaborative engagement over a prolonged period. Sector engagement escalation includes strengthening the voting policy specifically for that sector and public pre-declaration of votes against management for companies in that sector.

6.4 Exclusions

LPF investment approach is not to divest or exclude entire sectors, however there may be specific instances when LPF would ask our investment managers to look to sell, or not invest in some industries based on investment criteria and the investment time horizon. These decisions will be based on the associated material financial risk of a company's business operations and whether the appointed investment manager has concerns about the company's long-term viability. These are the key financial risks against which a decision should be assessed:

- regulatory risk
- litigation risk
- reputational risk
- social risk
- environmental risk

LPF requires its investment managers to report their exclusion policy, including reasons for such exclusions, and the monitoring process for potential reinstatement.

Border to Coast, as LPF's main investment manager, has two exclusions within their RI policy, these relate to thermal coal and oil sands, and controversial weapons. More details on these exclusions are set out in the Border to Coast RI policy which can be found on their website (www.bordertocoast.org.uk).

7 Litigation

Where LPF has held securities which are the subject of individual or class action securities litigation, it will, where appropriate, participate in such litigation. LPF has appointed Institutional Protection Services (IPS) to monitor and recommend securities litigation where LPF may have a claim, and process any claims considered relevant by LPF through their partner lawyers. LPF use a case-by-case approach to determine whether or not to participate in a class action after having considered the risks and potential benefits.

8. Communication and Reporting

LPF is transparent about its RI activities and keeps beneficiaries and stakeholders informed. This is done by making publicly available RI and voting policies; publishing its managers RI activities and summaries of voting in its quarterly Committee reports through Lincolnshire County Council's website; and publishing its Stewardship Code Statement.

9. Conflicts of Interest

LPF has a conflict of interest policy which covers any potential conflicts of interest between itself and any service providers, which are applied to identify and manage any conflicts of interest.